

Representative Jerome Zeringue
Chairman



Representative Gary Carter
Vice Chairman

Fiscal Year 2020-21 HB105 Budget Review

Department of Insurance

House Committee on Appropriations
by the House Fiscal Division

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DEPARTMENT ORGANIZATION

The mission of the Department of Insurance is to regulate the insurance industry in the state (licensing of producers, insurance adjusters, public adjusters, and insurers) and to serve as an advocate for the state's insurance consumers.

Administrative Program - \$13.1 Million

Provides management and oversight over the entire department and collects assessments.

Market Compliance Program - \$20.3 Million

Includes offices and programs providing licensing, fraud investigation, and consumer services for all types of insurance and approval of rates for property and casualty insurance.

DEPARTMENT OVERVIEW

Administrative Program

Office of the Commissioner

Oversees internal audits, public affairs, and Consumer Advocacy and Diversity (including SHIP).

Office of Management and Finance

Oversees fiscal affairs, revenue services, information technology, human resources, administrative services, budget, purchasing, and strategic and operational planning.

DEPARTMENT OVERVIEW

Market Compliance Program

Office of Licensing

Oversees licensing and records of all producers, including life, health, and property and casualty insurance providers.

Office of Health, Life, and Annuity

Regulates state and federal requirements applicable to commercial and government-operated health benefit plans, and reviews contract policy forms, and health premiums.

Office of Property and Casualty

Reviews, approves and/or disapproves rates, and reviews forms for property and casualty insurance providers.

Division of Legal Services

Acts as legal counsel and enforcement arm of the department.

Office of Financial Solvency

Analyzes and examines the financial conditions of all insurance providers approved to conduct business in the state, including life, health, property and casualty, and HMOs.

Office of Consumer Services

Performs market conduct examinations to assure policyholders, claimants, and beneficiaries are treated fairly, and handles all complaints for the department.

Division of Insurance Fraud

Investigates alleged or suspected fraud committed by or upon insurance producers, brokers, and companies.

NOT PART OF THE DEPARTMENT

Office of Group Benefits

State agency within the Division of Administration authorized by state law to provide health and life insurance benefits to eligible employees and retirees of participating state agencies and local school systems, as well as their eligible dependents.

Louisiana Insurance Guaranty Association

Nonprofit organization created by state law to pay consumer claims if a property and casualty insurer is declared insolvent and is unable to pay the amounts owed to claimants and creditors.

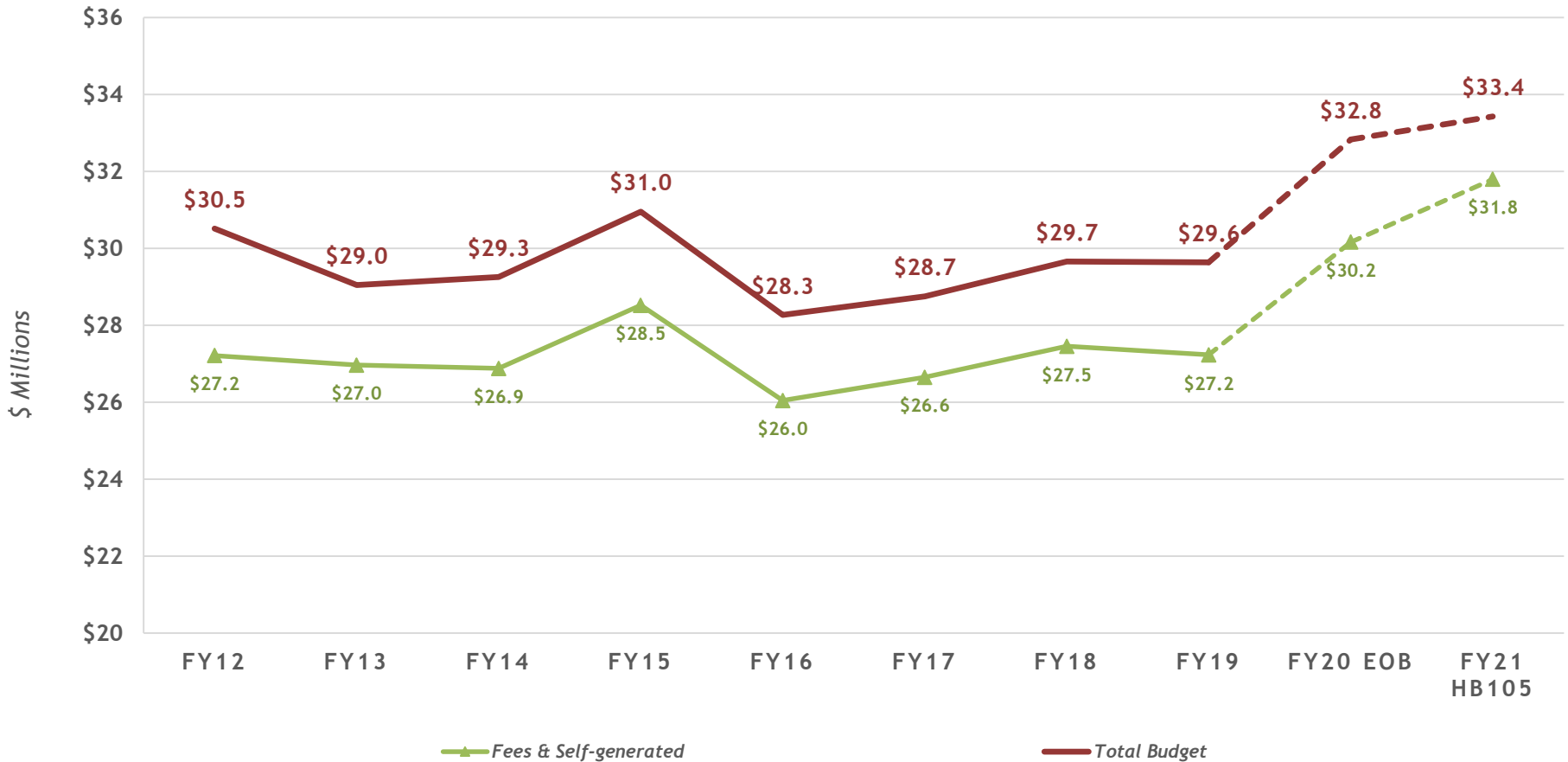
Louisiana Citizens Property Insurance Corporation

Nonprofit organization created by state law to provide insurance products for residential and commercial property applicants who are unable to procure insurance through the voluntary insurance marketplace.

Louisiana Life and Health Guaranty Association

Nonprofit organization created by state law to provide protection to Louisiana residents who are holders of life and health insurance policies and individual annuities with an insurer that is declared insolvent and is unable to pay its claims.

HISTORICAL SPENDING



Source: Office of Planning and Budget - Budget Supporting Documents; and HB105 of the 2020 Regular Session

SOURCES OF FUNDING

Self-generated Revenue \$32 Million

Various fees, licenses, and assessments authorized by law

Statutory Dedications \$910K

Statutory dedications are from assessments on various policies written in the state:

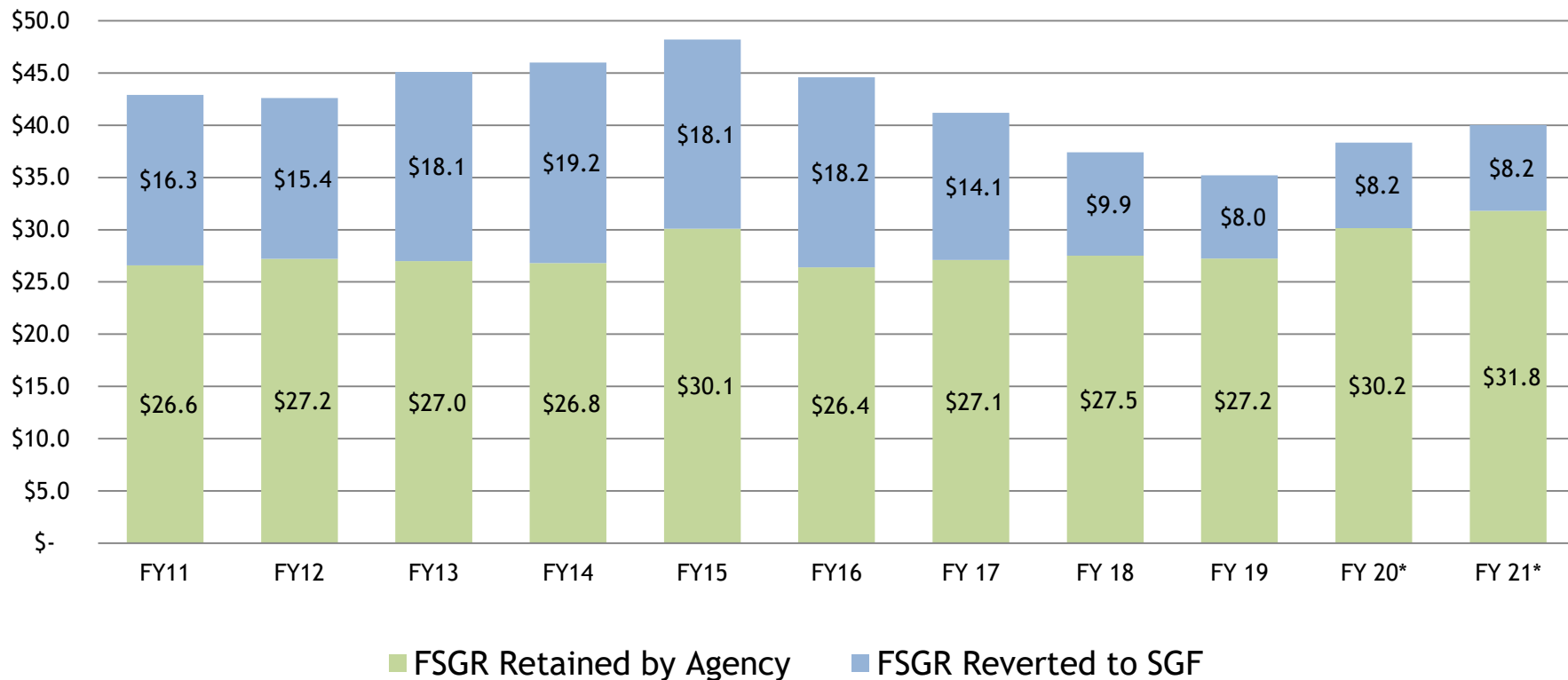
- \$227K from the Automobile Theft and Insurance Fraud Prevention Authority Fund
- \$683K out of the Insurance Fraud Investigation Fund

Federal Funds \$717K

State Health Insurance Assistance Fund

ADDITIONAL REVENUE INFORMATION

FSGR Collected by the Department (in Millions)



*Projected Reversions

FUNDING CHANGE COMPARISON

Means of Finance	FY 18-19 Actual Expenditures	FY 19-20 Existing Operating Budget	FY 20-21 HB105 Budget	Change from EOB		Change from Actuals	
				\$	%	\$	%
SGF	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%
IAT	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%
FSGR	\$27,231,282	\$30,161,661	\$31,795,356	\$1,633,695	5.4%	\$4,564,074	16.8%
STAT DED	\$1,783,762	\$1,950,700	\$910,011	(\$1,040,689)	(53.3%)	(\$873,751)	(49.0%)
FEDERAL	\$622,222	\$717,475	\$717,475	\$0	0.0%	\$95,253	15.3%
Total	\$29,637,266	\$32,829,836	\$33,422,842	\$593,006	1.8%	\$3,785,576	12.8%

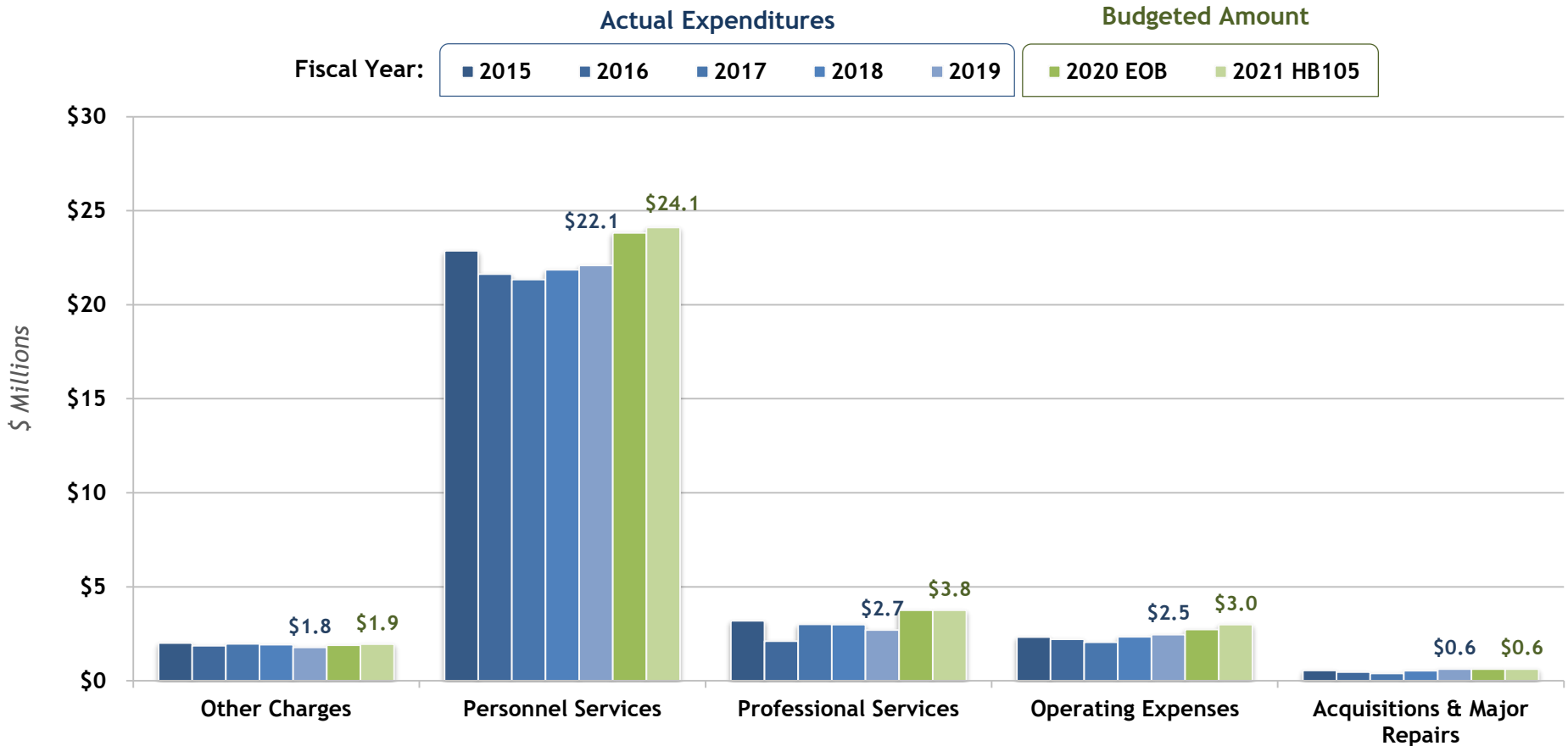
Significant revenue changes from EOB:



\$1.6M MEANS OF FINANCE SWAP

Reclassify Administrative Fund from Statutory Dedication to Fees and Self-generated Revenue due to Act 404 of the 2019 Regular Session.

EXPENDITURE HISTORY



Source: Office of Planning and Budget - Executive and Proposed Budget Supporting Documents

EXPENDITURE CHANGE COMPARISON

Expenditure Category	FY 18-19 Actual Expenditures	FY 19-20 Existing Operating Budget	FY 20-21 HB105 Budget	Change from EOB		Change from Actuals	
				\$	%	\$	%
Salaries	\$14,045,413	\$14,874,740	\$15,031,125	\$156,385	1.1%	\$985,712	7.0%
Other Compensation	\$216,409	\$214,942	\$214,942	\$0	0.0%	(\$1,467)	(0.7%)
Related Benefits	\$7,829,482	\$8,734,090	\$8,861,270	\$127,180	1.5%	\$1,031,788	13.2%
Travel	\$178,383	\$242,313	\$242,313	\$0	0.0%	\$63,930	35.8%
Operating Services	\$2,147,584	\$2,347,395	\$2,597,395	\$250,000	10.7%	\$449,811	20.9%
Supplies	\$125,663	\$143,424	\$143,424	\$0	0.0%	\$17,761	14.1%
Professional Services	\$2,704,004	\$3,756,387	\$3,756,387	\$0	0.0%	\$1,052,383	38.9%
Other Charges/IAT	\$1,771,429	\$1,891,410	\$1,949,336	\$57,926	3.1%	\$177,907	10.0%
Acq/Major Repairs	\$618,899	\$625,135	\$626,650	\$1,515	0.2%	\$7,751	1.3%
Total	\$29,637,266	\$32,829,836	\$33,422,842	\$593,006	1.8%	\$3,785,576	12.8%

Source: Office of Planning and Budget - Budget Supporting Documents and HB105 of the 2020 Regular Session

SIGNIFICANT EXPENDITURE CHANGES

\$284K - Salaries and Related Benefits

\$156K	Net increase in salaries for standard statewide budget adjustments including but not limited to market rate classified, unclassified pay increase, civil service training series, and a decrease for projected attrition savings.
\$127K	Net increase in related benefits for standard statewide budget adjustments including but not limited to retirement rate and group insurance.

\$250K - Operating Services

Increased cost of maintaining the department's network infrastructure against malware, ransomware, and other malicious processes.

OTHER CHARGES DETAIL

Other Charges

Amount	Description
\$227,000	Public Safety & Fraud Prevention
\$227,000	Total Other Charges

Interagency Transfers

Amount	Description
\$617,567	Maintenance of State-owned Buildings
\$202,181	Capitol Park Security
\$181,982	Office of Risk Management Fees
\$162,365	Legal services provided by the Department of Justice
\$215,363	Division of Administrative Law Fees
\$99,069	Legislative Auditor Fees
\$79,692	Civil Service/CPTP Fees
\$81,747	Office of Technology Services (OTS)
\$30,736	Office of State Procurement
\$24,712	Advertising
\$12,859	UPS fees
\$11,892	Treasury Banking fees
\$2,171	Postage
\$1,722,336	Total OC-Interagency Transfers

FY19 UNSPENT AUTHORITY

	End of Fiscal Year Budget	Actual Amount Spent	Unspent Budget Authority	Unspent Budget %	Unspent % by MOF
SGF	\$0	\$0	\$0	0.0%	0.0%
IAT	\$0	\$0	\$0	0.0%	0.0%
FSGR	\$29,342,980	\$27,231,282	\$2,111,698	7.2%	94.2%
STAT DED	\$1,817,750	\$1,783,762	\$33,988	1.9%	1.5%
FEDERAL	\$717,475	\$622,222	\$95,253	13.3%	4.3%
FY19 TOTAL	\$31,878,205	\$29,637,266	\$2,240,939	7.0%	100.0%

Historical Total Unspent Authority for Comparison

FY18 TOTAL	\$31,113,343	\$29,656,088	\$1,457,255	4.7%
FY17 TOTAL	\$30,176,707	\$28,746,881	\$1,429,826	4.7%
3 YR AVG	\$31,056,085	\$29,346,745	\$1,709,340	5.5%

FY19 UNSPENT AUTHORITY

Did department collect all revenue budgeted?

	Final Budget (w/o carryforward)	Actual Revenue Collections	Uncollected Revenue
SGF	\$0	\$0	\$0
IAT	\$0	\$0	\$0
FSGR	\$29,342,980	\$35,211,582	\$5,868,602
SD	\$1,817,750	\$1,723,829	(\$93,921)
FED	\$717,475	\$622,222	(\$95,253)
TOTAL	\$31,878,205	\$37,557,633	\$5,679,428

The department collected \$5.7 million more than the FY19 budget. The department transfers excess collections of Fees/Self-generated Revenue to the state's General Fund.

Did department spend all collections?

	Actual Revenue Collections	Actual Expenditures	Unspent Revenue
SGF	\$0	\$0	\$0
IAT	\$0	\$0	\$0
FSGR	\$35,211,582	\$27,231,282	(\$7,980,300)
SD	\$1,723,829	\$1,783,762	\$59,933
FED	\$622,222	\$622,222	\$0
TOTAL	\$37,557,633	\$29,637,266	(\$7,920,367)

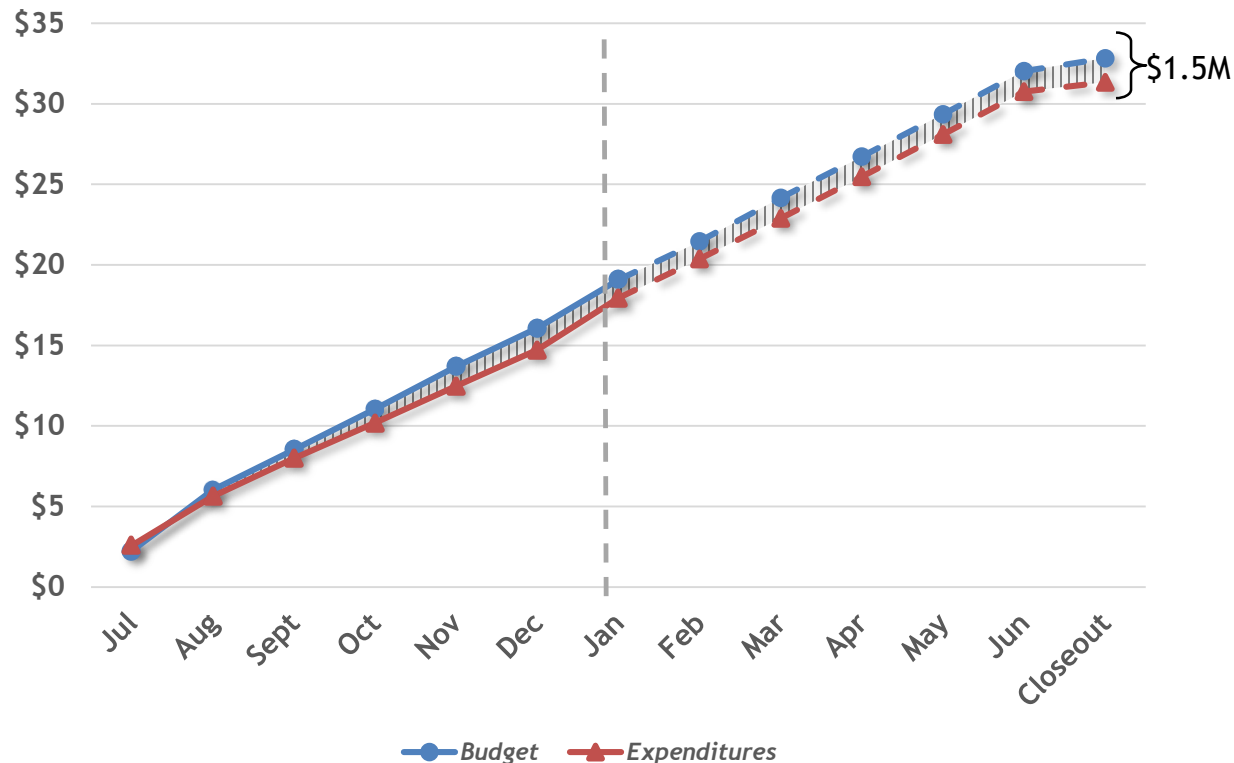
The department spent \$7.9 million less than what was collected in Fees/Self-generated Revenue. The department spent more than was collected in Statutory Dedications due to a prior year cash carryover.

CURRENT EXPENDITURE TREND

Analysis shows approximately 0.45% or \$1.5 M in total budget authority from all means of finance could be unspent at year-end based on actual spending through January and projections to the end of the year.

In FY19, the department did not spend \$2.24 M of its budget authority comparing its end of year budget and actual expenditures and factoring in funds carried into FY20.

For FY19, HFD projected the department would have \$2.19 M in remaining budget authority, when they actually had \$2.24 M authority left at year end.

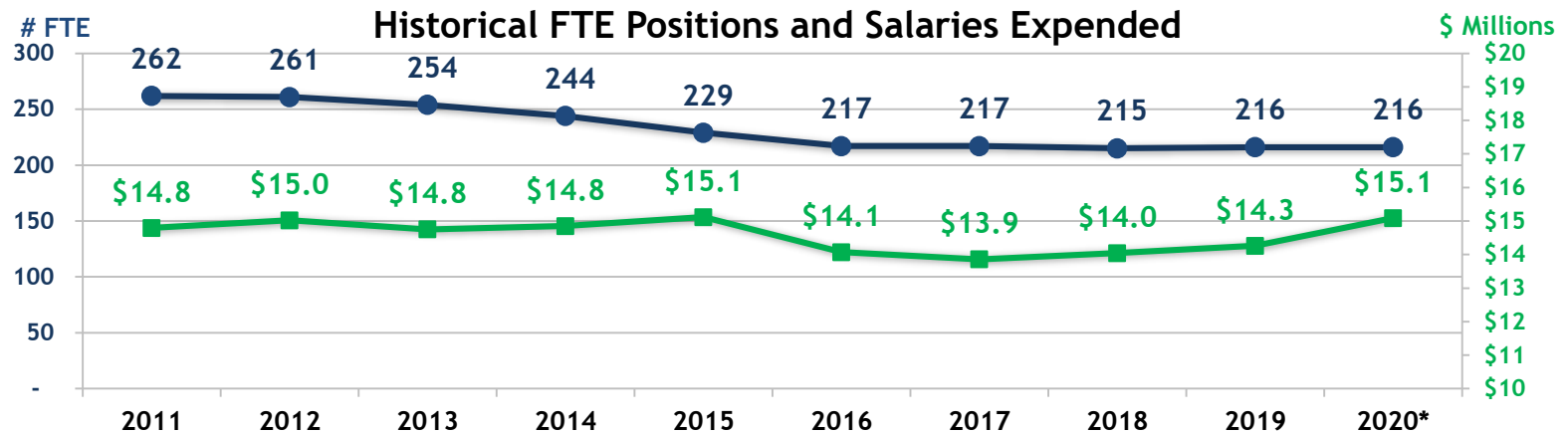
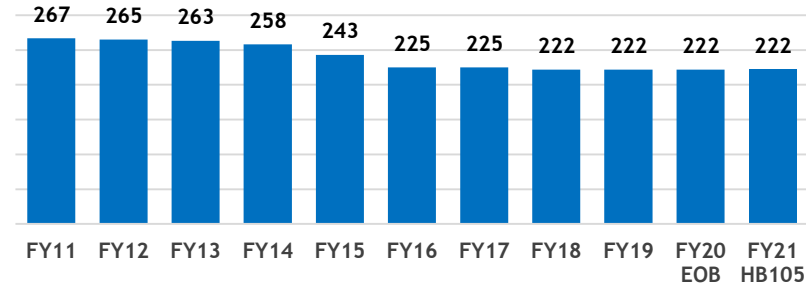


PERSONNEL INFORMATION

FY 2021 Recommended Positions

222	Total Authorized T.O. Positions (195 Classified, 27 Unclassified)
0	Authorized Other Charges Positions
3	Non-T.O. FTE Positions
10	Vacant Positions (February 3, 2020)

Historical Authorized T.O. Positions



DEPARTMENT CONTACTS



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